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FEDERAL RESERVE BANK OF PHILADELPHIA

DEPARTMENT OF RESEARCH

BUSINESS OUTLOOK SURVEY
Summary of Returns
September 1977

This Summary of Returns reports on the September responses to the Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia. Its purpose is to provide an insight into Third District business conditions. The survey sample polls manufacturing firms with 500 or more employees.

Economic activity in the area's industrial sector continues to expand in September. Twenty-six percent of the executives polled this month say that business is better than in August. This is down marginally from last month when 31 percent reported improved business conditions. Overall, the pickup in manufacturing activity appears to be more widespread in durables than in nondurables.

New orders and shipments are higher again in September, and moderate gains in employment are reported as well. Factory work forces and the average workweek are both increasing after holding steady since June. Inventories, however, are unchanged for the fifth consecutive month.

Despite the improvement in current business conditions, manufacturers are not very optimistic about the longer-term economic outlook. Forty-seven percent of the respondents to this month's survey anticipate improvement in general economic conditions over the next two quarters. This is the lowest proportion expecting gains six months out in over two and a half years. With respect to their own firms, slightly more than half of the respondents anticipate increases in new orders and shipments. Consequently, manufacturers expect no change in hours worked, and only a fractional increase in work forces six months down the road.

Prices in the industrial sector continue to increase, although prices received by manufacturers are climbing at a somewhat slower pace than in

August. Forty-five percent of those surveyed report paying more for raw materials, while 21 percent say they are receiving higher prices for their finished products. For the longer term, 4 out of 5 project higher prices for inputs by March, while roughly 2 out of 3 look for higher prices for the products they sell.

To recap, economic activity in the region's manufacturing sector has picked up in September. For the months ahead, executives look for some additional expansion, but are less bullish than they've been in the past.

BUSINESS OUTLOOK SURVEY

SUMMARY OF RETURNS
SEPTEMBER 1977

INDICATOR	September vs. August			Six Months from Now vs. September		
	Decrease	No Change	Increase	Decrease	No Change	Increase
GENERAL BUSINESS CONDITIONS						
What is your evaluation of the level of general business activity?	7.9	65.8	26.3	7.9	44.7	47.4
COMPANY BUSINESS INDICATORS						
New Orders	10.5	57.9	28.9	7.9	34.2	55.3
Shipments	5.3	57.9	34.2	7.9	36.8	55.3
Unfilled Orders	10.5	68.4	18.4	13.2	52.6	31.6
Delivery Time	2.6	92.1	2.6	10.5	76.3	10.5
Inventories	21.1	63.2	15.8	26.3	42.1	28.9
Prices Paid	2.6	52.6	44.7	0.0	18.4	81.6
Prices Received	2.6	73.7	21.1	2.6	28.9	65.8
Number of Employees	0.0	84.2	15.8	10.5	65.8	23.7
Average Employee Workweek	0.0	86.8	10.5	13.2	65.8	18.4
Capital Expenditures				10.5	44.7	39.5

Note: Items may not add to 100 per cent because of omission by respondents.